



Quarterly Activities Report

PERIOD ENDING 31 DECEMBER 2022

COMPANY INFORMATION

Clara Resources Australia Limited (“the Company”, “ANW” or “Clara Resources”, formerly Aus Tin Mining Limited)

ASX Code: C7A (formerly ANW)

At time of release

Shares on Issue

14.27 Billion

Market Capitalization

\$14.27 M (at \$0.001/share)

Contact Details

Address: Level 27, 111 Eagle Street Brisbane QLD 4000

Tel: +61 7 3303 0611 Fax: +61 7 3303 0681

Website: www.clararesources.com.au

Directors

Brian Moller (Chairman)

Nick Mather

Richard Willson

Brad Gordon

Chief Executive Officer

Peter Westerhuis

Company Secretary

John Haley

SUMMARY

AGM

The following Resolutions were passed at the AGM, held on 24th November 2022:

1. The Remuneration Report
2. Re-election of Mr Nicholas Mather as a Director
3. Approval to issue an additional 10% of the issued capital of the Company over a 12-month period pursuant to Listing Rule 7.1A
4. Renewal of proportional takeover provisions in Constitution
5. Approval of issue of 20,000,000 Performance Rights to Mr Brian Moller
6. Approval of issue of 20,000,000 Performance Rights to Mr Richard Willson
7. Approval of issue of 20,000,000 Performance Rights to Mr Nicholas Mather
8. Approval of issue of 20,000,000 Performance Rights to Mr Brad Gordon

Funding and expenditure

Additional funds will be required during Q1-2023 to continue the Ashford and Kildanga development work programs. The Board of Directors is considering funding options, noting the Company has a successful track record in raising funds.

During the quarter the Company expended \$239,000 on exploration and evaluation of the Ashford Coking Coal Project and the Kildanga Project. No development or mining activities were undertaken and no expenditure incurred.

Granville (100% Clara Resources Australia)

During the quarter the company agreed an extension to the term sheet for the sale of the company's wholly owned subsidiary, Ten Star Mining Pty. Ltd ("Ten Star"). Ten Star holds the tenements and other assets, including a rehabilitation bond, relating to the Granville Tin project in Tasmania. The Purchaser is Zeehan-based (Tas) Spero Mining Pty Ltd, an unrelated private company which holds nearby mining tenements. The extension was requested by Spero to provide further time to secure the required regulatory approvals to facilitate the sale. Execution and settlement are now 31 March 2023 and 30 April 2023 respectively.

The Ashford Coking Coal Project (40% Clara Resources Australia)

The Ashford Coking Coal Project is the immediate priority of the Company. Work is being directed towards advancing the project to development. Present emphasis is a range of work packs to enable completion of a Scoping Study.

Kildanga (100% Clara Resources Australia)

The Company continues a geological review of data from previous work on this project. This review will inform additional work programs. The objective is a regional assessment of the prospect with a view to undertaking further exploration enabling the

MacKenzie Coal Project

The Option Agreement enabling Clara Resources Australia to potentially acquire the MacKenzie Coal Project in central Queensland expired in July 2022, however the Company remains in negotiating with the counterparty for a further possible extension of the Agreement.

Tenement acquisition and disposal and Farm-in/Farm out Agreements

No tenements were acquired or disposed of during the quarter.

No Farm-in or Farm-out Agreements were entered into during the quarter.

ASHFORD COKING COAL PROJECT

Clara Resources Australia owns 40% of the Project with an option to acquire the remaining 60%, this described in an agreement made with Laneway Resources Ltd (now Savannah Goldfields Ltd) in 2021.

The Project is located within exploration licence tenements EL6234 and EL6428 in the Northern Tablelands of NSW, approximately 10km north of the Ashford township and 65km north of Inverell, a large regional centre.

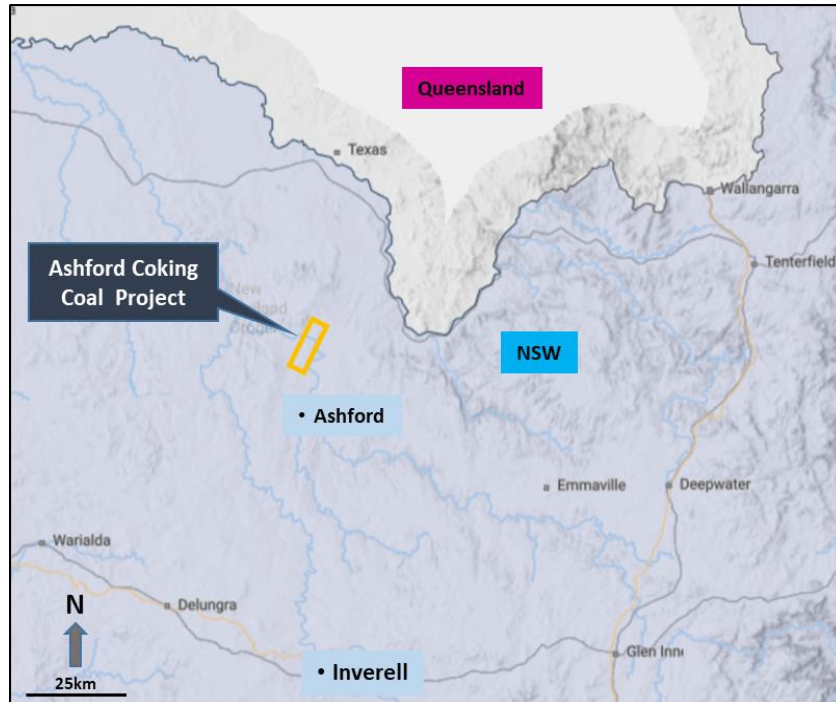


Figure 1 Project Location

The Ashford Deposit was mined by opencut methods between 1958 and 1985, providing raw coal to the adjacent Ashford Power Station. Mining ceased in the period coinciding with the permanent closure of the power station. Whilst Ashford run-of-mine raw coal was supplied to the power station its characteristics are those of coking coal. Distance from export facilities and lack of transport infrastructure limited development of the deposit for the export market.

The exploration license tenement areas cover approximately 8 square kilometres of the Ashford Coal Measures.

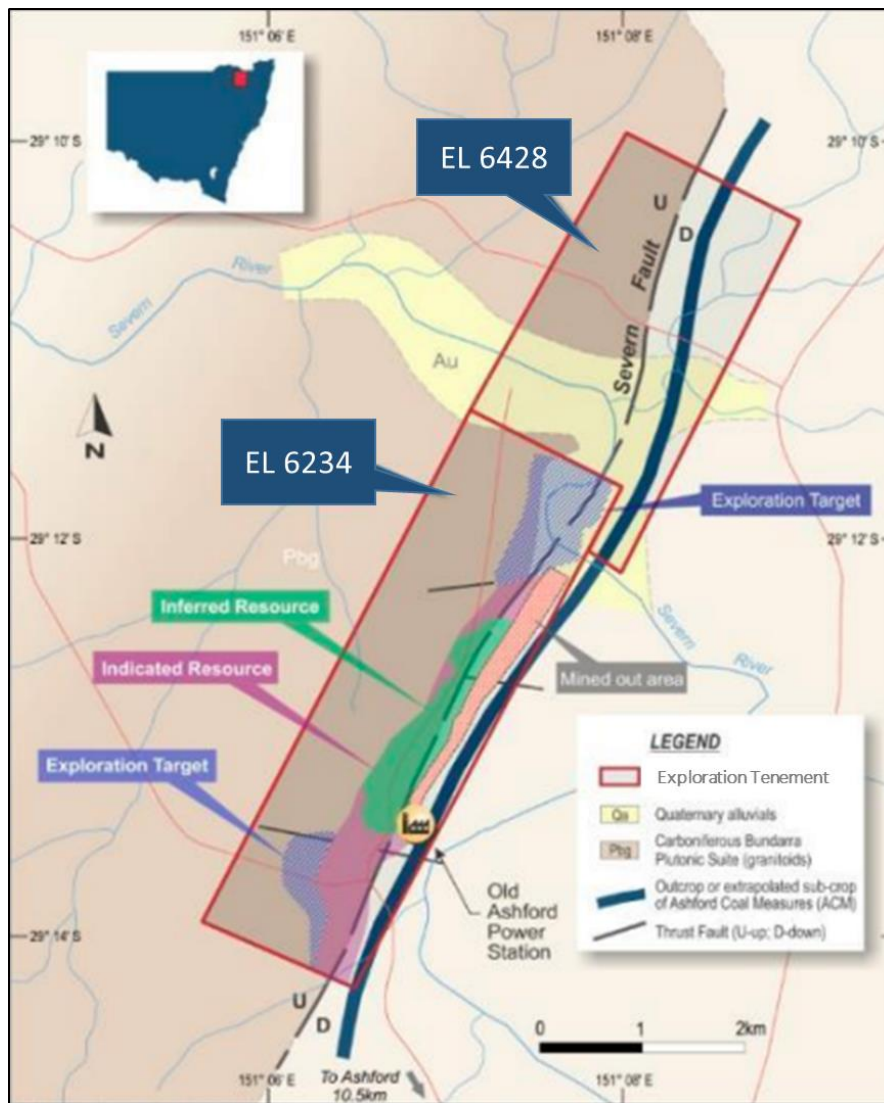


Figure 2 Regional Tenement Location Plan

The company considers that two (2) external and significant developments give confidence to progress further studies into the economic viability of the Project:

- i. The Australian Rail Track Corporation (ARTC) proceeding with the *Inland Rail Project* connecting Brisbane and Melbourne, providing an efficient rail connection north to Brisbane Port and south to Newcastle Port via the Hunter Valley Coal Rail System. The upgraded rail line will be within 120km of the Ashford Project, a potentially viable trucking distance.
- ii. Recent significant uplift in the global traded coking coal price. Independent forecasts consistently predict a coking coal price range which could make the sale of coking coal from Ashford economically viable.



Figure 3 Inland Rail Project

The Ashford Project comprises two (2) exploration tenements, EL6234 and EL6428. Both areas comprise geological features that provide potential opportunities for relatively shallow open cut coal mining.

The majority of historical exploration has occurred on EL6234. It contains all the JORC inferred & indicated resource. All high level geological and mine conceptual work has to date been confined to this area indicating the existence of an potentially economically recoverable and marketable resource. EL6234 is therefore the Project target area, and the central point of the scoping study. EL6234 will also define any future mining lease application.

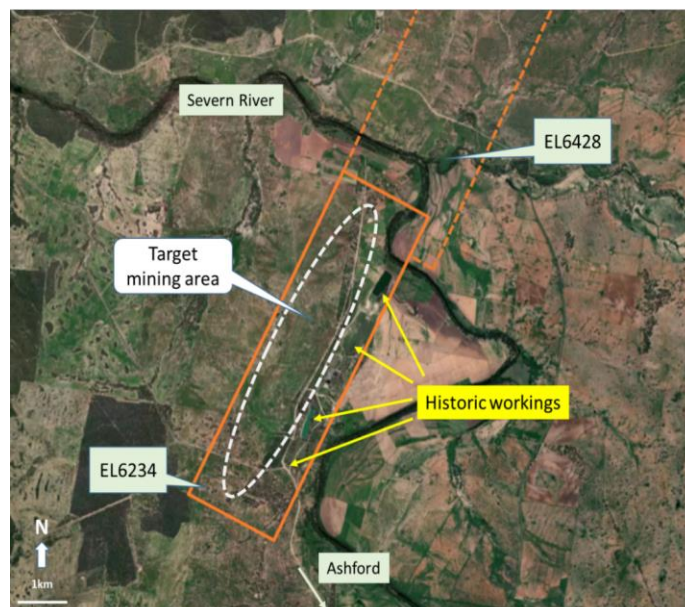


Figure 4 Target Mining Area on EL6234

EL6428, to the north, will be retained on foot as an exploration tenement. Subject to the results of future exploration programs and the usual project approval processes, this area could in future be developed as an Ashford expansion or continuation Project.

Ashford Scoping Study

The immediate emphasis for the Ashford Coking Coal Project is completion of a scoping study. A study was undertaken in 2006 by then owners of the project, Northern Energy Corporation Ltd. Through the passage of time many factors considered in assessing the project have changed, making it necessary to conduct a new study.

The Scoping Study will examine the viability of developing the Project as a coking coal mine and exporting product either through the Port of Brisbane or from Newcastle. The study will identify an economic development pathway for the project, based on the data currently available, coal pricing forecasts and defined mining, processing and transportation assumptions.

The study will also include:

- A qualified financial analysis and project metrics. The intended accuracy of financial modeling used in scoping studies is typically +/- 35 to 40%.
- A summary of major project risks and opportunities.

Clara Resources Australia has engaged independent experts to conduct the concept level technical and commercial work in the specific segments. These principal work streams have commenced. These specialists will also provide advice and recommendations about the scopes for further feasibility studies.

Principal study team specialists & scope outlines

Environmental: James Bailey & Associates

- EIS Process
- Project environmental management advisors
- NSW & Commonwealth statutory approvals

- Social impact assessment

Geology: JB Mining Services

- JORC resource estimates
- Raw coal quality
- Geological modelling

Mining: Minserve

- i. Mine planning
- ii. Progressive disturbance & rehabilitation
- iii. Mining Capex & Opex
- iv. EIS input

Processing: AB Mylec

- v. Coal handling & process options
- vi. Coal quality
- vii. Capex estimates

Transport: Smith Global

- viii. Trucking route options
- ix. Train load-out location
- x. Truck configurations & operating costs

Train Load Out Facility: Haald Engineering

- xi. Loading options
- xii. Concept engineering
- xiii. Capex & Opex estimates

Scoping Study Management: Clara Resources Australia

- xiv. Project management & strategic direction
- xv. Exploration management and execution
- xvi. Market analysis and product pricing

- xvii. Rail and Port
- xviii. Financial analysis & modeling
- xix. Stakeholder engagement
- xx. Risks & Opportunities
- xxi. Funding options

During the quarter draft reports were provided for the following preliminary engineering investigations:

- i. Coal handling and processing options
This work was undertaken by A&B Mylec, Processing Specialists, and presents a range of coal handling and processing options based on historical raw coal bore hole information. The coal quality drilling program planned for early 2023 will be used to further inform the processing study.
- ii. Product coal truck transportation to rail loadout
This work was undertaken by Smith Global and examines route options to transport product coal from the Ashford mine to the new Brisbane to Melbourne inland rail line. The preferred route will assist in selecting the location of the train loading facility to be erected adjacent to the rail line.

These reports are currently in draft form and are responding to feedback and clarifications from Clara. Further information will be provided when the work is complete.

Some work packs are clearly more complex than others so these will determine the critical path of the Scoping Study. The intent is to complete the Scoping Study in Q1-2023 however there remains strong industry demand for mining technical services and resources. This may impact timely completion of the Study.

Ashford Access Agreements

In conjunction with the scoping study the Company has continued progressing the work for preparation of the Environmental Impact Study. A critical piece of the EIS is to undertake the range of non-invasive baseline environmental studies and doing these things requires access to the lease areas. Access requires negotiating individual agreements with affected stakeholders, including pastoralists and representatives of the Gomeroi indigenous group.

The access agreements will also enable the Company to undertake an additional drilling program at Ashford. This drilling program will have several objectives:

- i. Contribute to calculation of a JORC Measured Resource
- ii. Provide information to sharpen the specification range of the Ashford coal seam coking coal properties
- iii. Provide additional information to support coal washability assumptions
- iv. Provide geo-chemical and ground water data for the EIS process

The Company has commenced the consultative process, meeting with all stakeholders individually including with representatives of the Gomeroi indigenous group in Tamworth. The Company needs to make all the agreements before access can be assumed.

GRANVILLE

During the quarter the company agreed an extension to the term sheet for the sale of the company's wholly owned subsidiary, Ten Star Mining Pty. Ltd ("Ten Star"). Ten Star holds the tenements and other assets, including a rehabilitation bond, relating to the Granville Tin project and tenements in Tasmania. The Purchaser is Zeehan-based (Tas) Spero Mining Pty Ltd, an unrelated private company which holds nearby mining tenements. The extension was requested by Spero to provide further time to secure the required regulatory approvals to facilitate the sale.

It is now anticipated full transaction documents will be completed with an execution date on or before 31 March 2023 and a settlement date of 30 April 2023.

The purchase price totaling \$650,000 is payable as follows:

- i. \$25,000 as a non-refundable deposit, which was paid upon signing of the Term Sheet.
- ii. \$3,000, non-refundable, paid upon signing the agreement for extension.
- iii. \$372,000 on 31/3/23, this being 1 month before the Date of Settlement. This will be held in escrow until Date of Settlement.
- iv. \$250,000 in deferred payments, to be paid post-completion, as follows:
 - a. \$50,000 by 30/9/23

- b. \$100,000 by 31/10/23
- c. \$100,000 by 30/11/23.

The deferred payments will be secured over the Granville assets and certain assets of the purchaser. The sale is subject to obtaining of any required regulatory approvals.

KILDANGA

The Kildanga prospect consists of 4 distinct areas. More recently the SW section has been targeted in multiple exploration programs, creating an extensive database

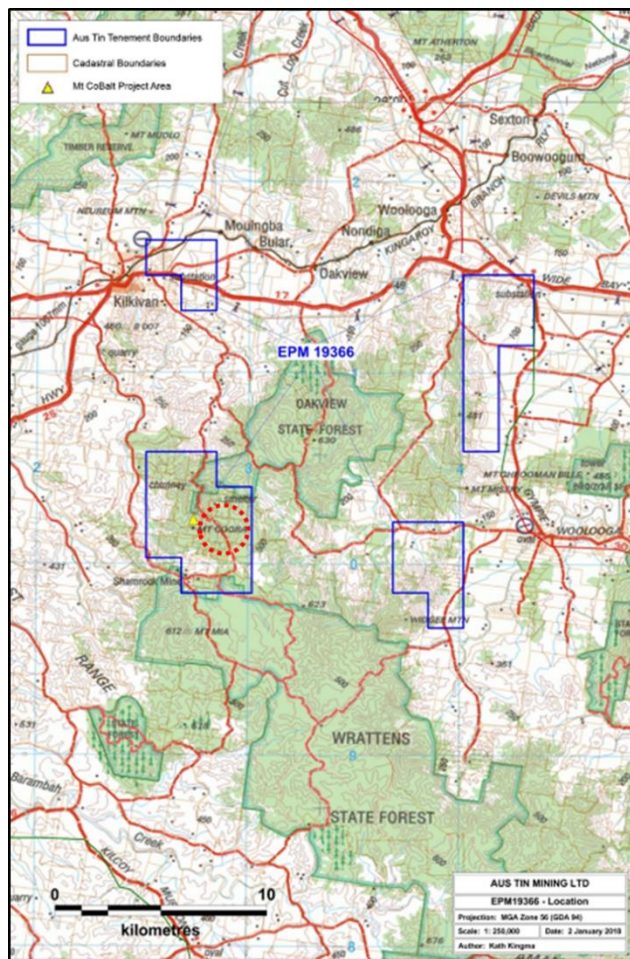
Numerous market updates on exploration programs were released over 2018 & 2019. These showed some encouraging, close to surface intersections of Ni & Co

The ore is considered suitable for crushing, milling and flotation to produce concentrate

The Company continues to compile and review all historical geological data, this review extending to all exploration permit areas to create a regional reconciliation. This will be used to determine the work needed, including additional exploration, to identify a JORC compliant mineralized resource of sufficient size from which a conceptual economic mine plan can be developed.

RELATED PARTY PAYMENTS

During the quarter, the Company paid \$42,000 in non-executive Director fees, and \$15,000 in corporate advisory fees, to related parties.



Authorised by the Board of Directors

Peter Westerhuis

Chief Executive Officer

Electronic copies and more information are available on the Company website:

www.clararesources.com.au

For further information contact:

Peter Westerhuis

CEO, Clara Resources Australia Limited

Ph: 07 3303 0661

Email: info@clararesources.com.au

APPENDIX

Appendix 1

Details of Exploration Tenements Held by Clara Resources Australia Limited

Mining Leased/Exploration Licences held at 31 December 2022	Location	% Interest	Grant Date	Expiry Date
2M/2018	TAS (Zeehan)	100%	20.06.22	05.03.27
32M/1988	TAS (Zeehan)	100%	01.11.88	01.11.24
EL/2019	TAS (Zeehan)	100%	29.08.19	11.06.26
EPM 19366	QLD (Kilkivan)	100%	08.07.22	09.08.25
EL 6234	NSW (Ashford)	40%	19.04.04	19.04.26
EL 6428	NSW (Ashford)	40%		07.06.25

No tenements were acquired or disposed of during the quarter.